

Message Text

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PAGE 01 CAIRO 10576 241347Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 OPIC-03 XMB-02
CIAE-00 INR-07 NSAE-00 /030 W
-----074956 241425Z /50

R 241301Z JUN 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 6557
INFO AMCONSUL ALEXANDRIA
AMEMBASSY DAMASCUS
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT

C O N F I D E N T I A L CAIRO 10576

E.O. 11652: GDS
TAGS: EINV, ETRD, EG
SUBJECT: FORD INVESTMENT PROPOSAL

REFS: (A) ALEXANDRIA 0487, (B) CAIRO 9595, (C) CAIRO 8583,
(D) CAIRO 9466

1. SUMMARY. FORD IS STILL AWAITING ACTION BY HIGHER INVESTMENT COUNCIL WHICH WOULD RESPOND TO OBJECTIONS RAISED BY COMPANY TO NEW GOE "CONDITIONS", AS OUTLINED IN WILLIAMS LETTER TO KAISSOUNI (REF B). HIGHER COUNCIL, WHICH IS IN PROCESS OF BEING ENLARGED, HAS NOT YET MET. INVESTMENT AUTHORITY DEPUTY CHAIRMAN EL NAZER SAID IT WAS LIKELY THAT EGYPT'S RESPONSE TO FORD WOULD NOT BE FORTH-COMING UNTIL NEAR THE END OF JULY. END SUMMARY.

2. FORD REP NICHOLAS OUROUSSOFF CALLED ON EMBOFFS JUNE 23 TO DISCUSS LATEST DEVELOPMENTS ON FORD INVESTMENT PROPOSAL. HE HAD JUST COME FROM MEETING WITH INVESTMENT AUTHORITY DEPUTY CHAIRMAN GAMAL EL NAZER, WHO TOLD HIM THAT HE THINKS FORD REPLY TO GOE CONDITIONS
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(REF B) IS QUITE SATISFACTORY. FORD LETTER IS IN LINE WITH TONE THAT EL NAZER AND MINECON SAYEH HAD RECOMMENDED COMPANY TAKE (SEE REF C) IN RESPONDING TO NEW SHAHINE - INSPIRED CONDITIONS ABOUT PRICING AND LOCAL CONTENT.

3. EL NAZER AGREED WITH OUROUSSOFF THAT IT IS NOW UP TO EGYPTIANS,

ACTING THROUGH HIGHER INVESTMENT COUNCIL, TO GIVE COMPANY A RESPONSE TO WILLIAMS LETTER TO KAISSOUNI (REF B). PROBLEM IS THAT HIGHER COUNCIL IS IN PROCESS OF BEING RESTRUCTURED AND ENLARGED AND THIS HAS DELAYED ITS CONVENING (SEE REF D FOR ADDITIONAL INFORMATION ON COUNCIL). EL NAZER SAID HE PLANS TO LEAVE SHORTLY FOR GERMANY AND WILL NOT RETURN UNTIL JULY 12. IT IS POSSIBLE COUNCIL WILL MEET BEFORE THEN (OUROUSSOFF INTERJECTED HIS STRONG DESIRE THAT COUNCIL NOT TAKE UP FORD CASE IN EL NAZER'S ABSENCE) BUT LIKELIHOOD IS THAT COUNCIL MEETING AND GOE ANSWER TO FORD WILL BE FORTHCOMING IN LATE JULY.

4. OUROUSSOFF SAID HE EMPHASIZED TO EL NAZER THAT FORD WISHES TO RETURN ESSENTIALLY TO TERMS OF MAY 9 MEMORANDUM SIGNED BY WILLIAMS AND GAZARINE AND CONFIRMED DURING WILLIAMS' PARIS MEETING WITH KAISSOUNI. HIGH LEVEL FORD TEAM IS WILLING RETURN TO EGYPT FOR FINAL DISCUSSION OF ANY REMAINING DIFFERENCE, BUT ONLY AFTER HIGHER COUNCIL HAS MET AND GIVEN POSITIVE RESPONSE TO WILLIAMS LETTER.

5. OUROUSSOFF ASKED EL NAZER WHETHER IN VIEW OF SHAHINE'S NEGATIVE ATTITUDE, IT WOULD BE USEFUL FOR HIM (OUROUSSOFF) TO MEET WITH THE MINISTER; HE DID NOT WANT SHAHINE TO FEEL SLIGHTED. EL NAZER REPLIED THAT HE THOUGHT SUCH A MEETING WOULD BE USELESS IN VIEW
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SHAHINE'S DETERMINED OBSTRUCTIONISM. SHAHINE, EL NAZER INDICATED, IS DEDICATED TO PROTECTING EGYPTIAN INDUSTRY FROM FOREIGN "COMPETITION", HOWEVER INEFFICIENT EGYPTIAN PRODUCTION MIGHT BE.

6. OUROUSSOFF AND FORD ARE EVIDENTLY BECOMING IMPATIENT, BUT OUROUSSOFF SEES LITTLE ALTERNATIVE TO AWAITING MEETING OF AND ACTION BY HIGHER INVESTMENT COUNCIL. WE HAD NOT PREVIOUSLY HEARD THAT COUNCIL IS BEING ENLARGED AND WILL BE SEEKING FURTHER INFORMATION ON THIS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO10576
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770226-0861
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770623/aaaaatvs.tel
Line Count: 105
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 58864977-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 ALEXANDRIA 487, 77 CAIRO 9595, 77 CAIRO 8583, 77 CAIRO 9466
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2048000
Secure: OPEN
Status: NATIVE
Subject: FORD INVESTMENT PROPOSAL
TAGS: EINV, ETRD, EG, FORD MOTOR CO
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/58864977-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009